

# COCHENOUR WILLANS

G O L D M I N E S , L I M I T E D

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ANNUAL REPORT

# COCHENOUR WILLANS GOLD MINES, LIMITED

<i>Directors</i>	J. EDWIN J. FAHLGREN, <i>Cochénour, Ont.</i> ROBERT E. FASKEN, <i>Toronto, Ont.</i> JOHN B. McLELLAN, <i>Toronto, Ont.</i> MURDOCK C. MOSHER, <i>Toronto, Ont.</i> GEORGE T. SMITH, <i>Oakville, Ont.</i> ROBERT M. SMITH, <i>Toronto, Ont.</i>
<i>Officers</i>	J. E. J. FAHLGREN, <i>President</i> G. T. SMITH, <i>Vice-President</i> J. B. McLELLAN, <i>Secretary</i> B. C. LEMON, <i>Treasurer and Asst. Secretary</i>
<i>General Manager</i>	J. E. J. FAHLGREN, <i>Cochénour, Ont.</i>
<i>Chief Geologist</i>	L. C. CHASTKO, <i>Cochénour, Ont.</i>
<i>General Superintendent</i>	D. H. COGHILL, <i>Cochénour, Ont.</i>
<i>Registrar &amp; Transfer Agents</i>	CANADIAN PERMANENT TRUST COMPANY 1901 Yonge Street Toronto 295, Ontario
<i>Bankers</i>	CANADIAN IMPERIAL BANK OF COMMERCE Toronto and Balmertown, Ontario
<i>Auditors</i>	THORNE, GUNN, HELLIWELL AND CHRISTENSON Thunder Bay, Ontario
<i>Solicitors</i>	FRASER & BEATTY 320 Bay Street Toronto 105, Ontario
<i>Executive &amp; Mine Office</i>	<i>Cochénour, Ontario</i>



# *Report of the Directors*

To the Shareholders of  
Cochenour Willans Gold Mines, Limited

The report for the year ended December 31, 1970 includes the Balance Sheet, Statements of Income and Retained Earnings, and Statements of Source and Application of Funds consolidated with those of the subsidiary companies, Annco Mines Limited, Wilmar Mines Limited and Cochenour Realty Limited and the Auditors' Report thereon. Also included is the Report of the General Manager covering the operations of the mines and exploration activities in which your company participated and the financial statements of the two subsidiaries of your company with related Auditors' Reports.

## **Production and Income**

Consolidated gross production for the year was \$951,761., from 24,851 ounces of gold and 25,193 ounces of silver, of which the parent company's production was \$112,509., that of Annco Mines Limited \$121,194. and that of Wilmar Mines Limited \$718,058. Applications for Emergency Gold Mining Assistance have been estimated to be \$31,652. for the parent company, \$33,998. for Annco Mines Limited and \$189,642. for Wilmar Mines Limited.

Charges for use of plant service to Annco Mines Limited by the parent company were \$29,543., and to Wilmar Mines Limited were \$168,115.

Profit of the parent company before providing for Depreciation, Deferred Development and Outside Exploration was \$162,413. Profit of Annco Mines Limited before amortization of Deferred Development was \$6,406., and loss of Wilmar Mines Limited before amortization of Deferred Development, but including the 1970 development program of \$83,147. was \$280,970.

## **Financing**

As set out in the notice of the annual and general meeting of shareholders, you will be asked to approve an application for the issue of Supplementary Letters Patent increasing the authorized capital of the company from 4,000,000 to 5,000,000 shares. The purpose of this increase would be to place the company in a position to raise funds by equity financing for exploration.

## **Cochenour Townsite**

To administer the company investment in the Cochenour Townsite, a wholly owned subsidiary company, "Cochenour Realty Limited" was formed and certain of the townsite buildings were sold for a total consideration of \$1,239,560. This amount was the net book value of these assets on December 18, 1970, including the appraisal increment. The Cochenour townsite has been surveyed, subdivided, and registered in the Land Titles Office — Kenora, Ontario.

## **Directors**

It is with deep regret that we record the death of two of our most senior directors during the year, Mr. Frederick J. Mills, Secretary-Treasurer, on the 31st day of October, 1970 and Mr. Edward C. Cochenour, Chairman of the Board on the 27th day of November, 1970.

Mr. Mills was elected to the Board of Directors in 1954 and his interest in the progress of the company never waned.

Mr. Cochenour was elected a director of the company at its inception in 1936, and accepted the Presidency of the company from his brother, William, in 1954. In 1965 he was elected Chairman of the Board. Through the years of development and since the mine entered the production stage in 1939, Mr. Cochenour was active in the direction of the company. His love was the north and his concern was for the northern community, and the education of the Indian children. It was to them he left his estate through the Edward Charles Cochenour Foundation for education and other charitable uses in the Red Lake area.

We welcome Mr. John B. McLellan, Barrister of Toronto, and Mr. Robert E. Fasken, Mining Executive of Toronto, who have been elected to the Board of Directors to fill these vacancies.

## **Outlook**

The continuance of operations rests with Wilmar which should be clarified by the time of the annual meeting.

## **Outside Exploration**

Your company was heavily involved in outside exploration during the past year, and is committed to broadening this program in 1971, in partnership with Selco Exploration Company Limited and Coin Lake Gold Mines, Limited. We will also continue to subscribe advances to Cochenour Explorations Limited. We are encouraged by the new prospects for finding additional mineralized zones in the Trout Bay Group, and promising results in Project No. 2. (See General Manager's Report).

## **Appreciation**

Your Directors express their appreciation to the mine staff and employees in meeting the challenges that continue to present themselves at the mine. We express to the shareholders our thanks for their continued confidence and loyalty.

On Behalf of the Board,

J. E. J. FAHLGREN,  
President.

April 27th, 1971,  
COCHENOUR, Ontario.



# COCHENOUR WILLANS

(Incorporated under the laws of Ontario)  
and its subsidiaries, Annco Mines Limited, Wilmar Mines Limited

## Balance Sheet - (with comparative figures for 1969)

### ASSETS

CURRENT ASSETS	Parent Company		Consolidated	
	1970	1969	1970	1969
Cash .....			\$ 1,893	\$ 639
Deposit receipt .....	\$ 100,000	\$ 100,000	100,000	100,000
Bullion .....	49,269	75,782	49,269	75,782
Estimated Emergency Gold Mining Assistance receivable .....	12,802	13,834	73,973	97,012
Marketable securities, at cost (quoted market value \$9,835) .....		9,925		9,925
Accounts receivable and accrued interest .....	24,801	52,017	24,801	52,017
Advances to subsidiary companies (note 1) .....	61,171	83,178		
Materials and supplies, at the lower of cost and replacement cost .....	247,547	247,093	247,547	247,093
Prepaid expenses .....	8,054	20,454	8,054	20,454
	<u>503,644</u>	<u>602,283</u>	<u>505,537</u>	<u>602,922</u>
INVESTMENT IN AND ADVANCES TO SUBSIDIARY COMPANIES (note 1) .....	3,029,311	1,729,048	336,430	308,532
OTHER INVESTMENTS, at cost (note 2) .....	43,296	43,296	43,296	43,296
FIXED ASSETS (note 3) .....	638,073	2,073,102	1,883,949	2,080,532
MINING CLAIMS AND LICENSES, at cost .....	246,426	246,426	347,633	347,633
DEFERRED DEVELOPMENT, at cost less amortization (note 4) .....		28,140	1,246,203	1,431,795
	<u>\$4,460,750</u>	<u>\$4,722,295</u>	<u>\$4,363,048</u>	<u>\$4,814,710</u>

### AUDITOR'S REPORT

To the Shareholders of  
Cochenour Willans Gold Mines, Limited

We have examined the balance sheets of Cochenour Willans Gold Mines, Limited, parent company, and of Cochenour Willans Gold Mines, Limited, and its subsidiaries, Annco Mines Limited, Wilmar Mines Limited and Cochenour Realty Limited as at December 31, 1970 and the related statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Thunder Bay, Canada,  
February 8, 1971.

# GOLD MINES LIMITED

(Incorporated in the laws of Ontario)

Gold Mines Limited and Cochenour Realty Limited

December 31, 1970

(December 31, 1969)

## LIABILITIES

CURRENT LIABILITIES	Parent Company		Consolidated	
	1970	1969	1970	1969
Bank advances, partially secured by bullion and deposit receipt .....	\$ 202,539	\$ 27,572	\$ 202,539	\$ 27,572
Accrued wages payable .....	33,746	36,339	33,746	36,339
Accounts payable and accrued liabilities .....	57,138	72,186	60,738	73,686
Deposits by employees on houses .....	65,790	67,747	65,790	67,747
Employee income and other taxes payable .....	14,534	12,676	14,534	12,676
Advances from Martin-McNeely Mines Limited .....			20,000	20,000
	<u>373,747</u>	<u>216,520</u>	<u>397,347</u>	<u>238,020</u>
MINORITY INTEREST IN ANNCO MINES LIMITED AND WILMAR MINES LIMITED .....			221,761	413,283

## SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 5)				
Authorized				
4,000,000 Shares, par value \$1 each				
Issued				
3,892,555 Shares .....	3,892,555	3,892,555	3,892,555	3,892,555
Deduct discount thereon, net .....	846,470	846,470	846,470	846,470
	<u>3,046,085</u>	<u>3,046,085</u>	<u>3,046,085</u>	<u>3,046,085</u>
RETAINED EARNINGS (DEFICIT) .....	812,341	122,983	(231,616)	121,016
EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER DEPRECIATED BOOK VALUE (note 3) .....	228,577	1,336,707	1,269,872	1,336,707
	<u>4,087,003</u>	<u>4,505,775</u>	<u>4,084,341</u>	<u>4,503,808</u>
LESS EQUITY CONTRIBUTED TO MINORITY INTEREST IN ANNCO MINES LIMITED AND WILMAR MINES LIMITED .....			340,401	340,401
	<u>4,087,003</u>	<u>4,505,775</u>	<u>3,743,940</u>	<u>4,163,407</u>
	<u>\$4,460,750</u>	<u>\$4,722,295</u>	<u>\$4,363,048</u>	<u>\$4,814,710</u>

Approved by the Board

J. E. J. FAHLGREN, Director.

MURDOCK C. MOSHER, Director.

## REPORT

In our opinion these financial statements present fairly the financial positions of Cochenour Willans Gold Mines, Limited, parent company, and of Cochenour Willans Gold Mines, Limited and its subsidiaries, Annco Mines Limited, Wilmar Mines Limited and Cochenour Realty Limited as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,

Chartered Accountants.



# COCHENOUR WILLANS GOLD MINES, LIMITED

and its subsidiaries, Annco Mines Limited, Wilmar Mines Limited and  
Cochenour Realty Limited

## *Statement of Income*

Year ended December 31, 1970  
(with comparative figures for 1969)

	Parent Company		Consolidated	
	1970	1969	1970	1969
REVENUE				
Bullion production .....	\$ 112,509	\$ 84,250	\$ 951,761	\$ 773,891
OPERATING EXPENSES				
Development .....	12,351	42,420	96,447	145,256
Mining .....	123,328	117,471	762,577	644,924
Milling .....	52,783	52,201	267,953	264,109
Shipping and marketing .....	871	509	7,158	4,780
Mine general .....	36,411	31,445	179,432	159,904
Administrative .....	7,748	45,934	12,176	50,253
Directors' fees .....	750	400	1,300	1,100
	234,242	290,380	1,327,043	1,270,326
Less estimated Emergency Gold Mining Assistance	31,652	22,905	255,292	205,874
	202,590	267,475	1,071,751	1,064,452
	90,081	183,225	119,990	290,561
OTHER INCOME .....	54,836	50,909	7,839	21,464
	35,245	132,316	112,151	269,097
OTHER EXPENSES				
Depreciation .....	169,220	128,344	170,334	129,655
Amortization of deferred development .....	28,140	48,054	185,592	171,806
Exploration and prospecting .....	142,217	81,275	142,217	81,275
	339,577	257,673	498,143	382,736
Less charges to subsidiaries for use of plant .....	197,658	155,927		
	141,919	101,746	498,143	382,736
Loss before undernoted items .....	177,164	234,062	610,294	651,833
Parent company's portion of losses of subsidiaries .....	241,608	232,264		
Losses of subsidiaries applicable to minority interest .....			191,522	185,507
LOSS FOR THE YEAR .....	\$ 418,772	\$ 466,326	\$ 418,772	\$ 466,326

**COCHENOUR WILLANS GOLD MINES, LIMITED**  
and its subsidiaries, Annco Mines Limited, Wilmar Mines Limited and  
Cochenour Realty Limited

*Statement of Retained Earnings*

Year ended December 31, 1970  
(with comparative figures for 1969)

	Parent Company		Consolidated	
	1970	1969	1970	1969
BALANCE AT BEGINNING OF YEAR .....	\$ 122,983	\$ 558,964	\$ 121,016	\$ 558,964
ADD				
Amortization of excess of appraised value of fixed assets over depreciated book value .....	66,835		66,835	
Excess of appraised value of fixed assets over depreciated book value, sold to Cochenour Realty Limited .....	1,041,295			
Adjustments of prior years' earnings .....		30,345		30,345
	<u>1,231,113</u>	<u>589,309</u>	<u>187,851</u>	<u>589,309</u>
DEDUCT				
Parent company's portion of incorporation and organization expenses written off .....			695	1,967
Loss for the year .....	418,772	466,326	418,772	466,326
	<u>418,772</u>	<u>466,326</u>	<u>419,467</u>	<u>468,293</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR .....	<u>\$ 812,341</u>	<u>\$ 122,983</u>	<u>\$ (231,616)</u>	<u>\$ 121,016</u>



# COCHENOUR WILLANS GOLD MINES, LIMITED

and its subsidiaries, Annco Mines Limited, Wilmar Mines Limited and  
Cochenour Realty Limited

## *Statement of Source and Application of Funds*

Year ended December 31, 1970

(with comparative figures for 1969)

SOURCE OF FUNDS	Parent Company		Consolidated	
	1970	1969	1970	1969
Loss for the year .....	\$ (418,772)			
Items not involving current funds				
Depreciation .....	169,220			
Amortization of deferred development .....	28,140			
Parent company's portion of losses of sub- sidiaries .....	241,608			
	<u>20,196</u>			
Proceeds from sale of fixed assets				
Cochenour Realty Limited .....	1,239,560			
Other .....	71,813	\$ 7,730	\$ 71,813	\$ 7,730
Issue of capital stock .....		489,875		489,875
Reduction of other investments .....		9,925		9,925
Adjustment of prior years' earnings .....		30,345		30,345
Reduction of advances to Annco Mines Limited .....	6,645	10,911		
	<u>1,338,214</u>	<u>548,786</u>	<u>71,813</u>	<u>537,875</u>
APPLICATION OF FUNDS				
Loss for the year .....		466,326	418,772	466,326
Minority interests in losses of subsidiaries .....			191,522	185,507
		<u>466,326</u>	<u>610,294</u>	<u>651,833</u>
Items not involving current funds				
Depreciation .....		(128,344)	(170,334)	(129,655)
Amortization of deferred development .....		(48,054)	(185,592)	(171,806)
Parent company's portion of losses of sub- sidiaries .....		(232,264)		
		<u>57,664</u>	<u>254,368</u>	<u>350,372</u>
Additions to fixed assets .....	45,564	36,528	45,564	36,528
Investment in Wilmar Mines Limited .....		92,914		
Incorporation expenses .....			695	
Investment in Cochenour Realty Limited .....	1,000			
Advances to subsidiary companies				
Cochenour Realty Limited .....	1,240,255			
Wilmar Mines Limited .....	279,363	207,771		
Consolidated Marcus Gold Mines Limited .....	889	22	889	22
Cochenour Explorations Limited .....	27,009	39,531	27,009	39,531
	<u>1,594,080</u>	<u>434,430</u>	<u>328,525</u>	<u>426,453</u>
INCREASE (DECREASE) IN WORKING CAPITAL .....	(255,866)	114,356	(256,712)	111,422
WORKING CAPITAL AT BEGINNING OF YEAR .....	385,763	271,407	364,902	253,480
WORKING CAPITAL AT END OF YEAR .....	<u>\$ 129,897</u>	<u>\$ 385,763</u>	<u>\$ 108,190</u>	<u>\$ 364,902</u>



# COCHENOUR WILLANS GOLD MINES, LIMITED

and its subsidiaries, Annco Mines Limited, Wilmar Mines Limited and  
Cochenour Realty Limited

## *Notes to Financial Statements*

Year ended December 31, 1970

### 1. INVESTMENT IN AND ADVANCES TO SUBSIDIARY COMPANIES

Parent Company	1970	1969
Shares, at cost		
Annco Mines Limited .....	\$ 479,998	\$ 479,998
Cochenour Explorations Limited .....	121,439	121,439
Cochenour Realty Limited .....	1,000	
Consolidated Marcus Gold Mines Limited .....	81,784	81,784
Wilmar Mines Limited .....	982,909	982,909
	<u>1,667,130</u>	<u>1,666,130</u>
Deduct provision for losses, Annco Mines Limited and Wilmar Mines Limited .....	870,197	628,589
	<u>796,933</u>	<u>1,037,541</u>
Advances		
Annco Mines Limited .....	198,736	219,341
Cochenour Explorations Limited .....	94,500	67,491
Cochenour Realty Limited .....	1,240,255	
Consolidated Marcus Gold Mines Limited .....	38,707	37,818
Wilmar Mines Limited .....	721,351	450,035
	<u>2,293,549</u>	<u>774,685</u>
Deduct portion included in current assets .....	61,171	83,178
	<u>2,232,378</u>	<u>691,507</u>
	<u>\$3,029,311</u>	<u>\$1,729,048</u>
Consolidated		
Shares, at cost		
Cochenour Explorations Limited .....	121,439	121,439
Consolidated Marcus Gold Mines, Limited .....	81,784	81,784
	<u>203,223</u>	<u>203,223</u>
Advances		
Cochenour Explorations Limited .....	94,500	67,491
Consolidated Marcus Gold Mines, Limited .....	38,707	37,818
	<u>133,207</u>	<u>105,309</u>
	<u>\$ 336,430</u>	<u>\$ 308,532</u>

It is not considered desirable to consolidate the accounts of Consolidated Marcus Gold Mines, Limited and Cochenour Explorations Limited with those of the company as they are non-operating and have substantial minority interests. Financial statements of these unconsolidated subsidiaries have been made available to shareholders of the company.

Annco Mines Limited

At December 31, 1970, the company owned 1,600,000 shares of Annco Mines Limited.

# COCHENOUR WILLANS GOLD MINES, LIMITED

and its subsidiaries, Annco Mines Limited, Wilmar Mines Limited and  
Cochenour Realty Limited

## NOTES TO FINANCIAL STATEMENTS (Continued) Year ended December 31, 1970

### Cochenour Explorations Limited

Under the terms of an agreement dated January 21, 1966, the company is committed to loan monies up to a maximum of \$127,500 to Cochenour Explorations Limited should the board of directors of Cochenour Explorations Limited determine that the exploration properties warrant the expenditure of additional monies in searching for minerals. Loans would be requested from the shareholders of Cochenour Explorations Limited in proportion to their shareholdings. Default on such a request could result in the forfeiture of a portion of the company's shares in Cochenour Explorations Limited.

At December 31, 1970, the company owned 255,000 shares of Cochenour Explorations Limited and had advanced \$84,150 under the terms of the agreement. Current advances amounted to \$10,350, resulting in total advances of \$94,500.

### Cochenour Realty Limited

Under the terms of an agreement dated December 18, 1970, the company sold certain of the townsite buildings to Cochenour Realty Limited for total consideration of \$1,239,560. This amount was the net book value of these assets on December 18, 1970, including the appraisal increment. Further advances to Cochenour Realty Limited increased the advance to \$1,244,738 at December 31, 1970.

At December 31, 1970, the company owned 1,000 shares of the wholly owned subsidiary Cochenour Realty Limited.

### Consolidated Marcus Gold Mines, Limited

Under the terms of an agreement dated January 17, 1966, the company is committed to expend \$25,020 (of which \$20,563 had been expended as at December 31, 1970) on exploration and development of the property of Consolidated Marcus Gold Mines, Limited within approximately one year, for which it is to receive 41,700 shares of the company. This agreement was subsequently extended until January 17, 1970. It is expected that this agreement will again be extended.

At December 31, 1970, the company owned or was entitled to receive 1,773,272 free shares of Consolidated Marcus Gold Mines, Limited and a further 249,995 shares held in escrow, to be released when the company has caused Consolidated Marcus Gold Mines, Limited to bring its mining claims into production.

### Wilmar Mines Limited

At December 31, 1970, the company owned 1,674,331 shares of Wilmar Mines Limited.

## 2. OTHER INVESTMENTS

	1970	1969
Coin Lake Gold Mines Limited shares .....	\$ 24,571	\$ 24,571
Miscellaneous .....	18,725	18,725
	<u>\$ 43,296</u>	<u>\$ 43,296</u>



# COCHENOUR WILLANS GOLD MINES, LIMITED

and its subsidiaries, Annco Mines Limited, Wilmar Mines Limited and  
Cochenour Realty Limited

## NOTES TO FINANCIAL STATEMENTS (Continued)

Year ended December 31, 1970

3. FIXED ASSETS	1970	1969
Parent Company		
Buildings .....	\$ 984,363	\$3,339,294
Less accumulated depreciation .....	656,873	1,612,291
	<u>327,490</u>	<u>1,727,003</u>
Machinery and equipment .....	1,939,271	1,993,645
Less accumulated depreciation .....	1,628,688	1,647,546
	<u>310,583</u>	<u>346,099</u>
	<u>\$ 638,073</u>	<u>\$2,073,102</u>
Consolidated		
Land .....	\$ 16,513	
Buildings .....	2,211,893	\$3,339,294
Less accumulated depreciation .....	661,356	1,612,291
	<u>1,550,537</u>	<u>1,727,003</u>
Machinery and equipment .....	1,949,555	2,003,929
Less accumulated depreciation .....	1,632,656	1,650,400
	<u>316,899</u>	<u>353,529</u>
	<u>\$1,883,949</u>	<u>\$2,080,532</u>
The townsite buildings were appraised at market value on December 31, 1969 by O'Brien Agency Limited. These assets are included in the accounts at appraised value. The unamortized increase in value resulting from this appraisal is reflected in shareholders' equity as "Excess of appraised value of fixed assets over depreciated book value". All other fixed assets are recorded at cost.		
4. DEFERRED DEVELOPMENT	1970	1969
Parent Company		
Cost .....	\$ 240,268	\$ 240,268
Less amortization .....	240,268	212,128
	<u>\$ nil</u>	<u>\$ 28,140</u>
Consolidated		
Cost .....	\$2,168,698	\$2,168,698
Less amortization .....	922,495	736,903
	<u>\$1,246,203</u>	<u>\$1,431,795</u>

## 5. CAPITAL STOCK

The following options to purchase shares of the capital stock of the company are outstanding at December 31, 1970.

15,000 Shares to an officer at \$2.50 per share, expiry date June 30, 1971

## 6. STATUTORY INFORMATION

Direct remuneration paid to directors and senior officers (as defined by the Corporations Act, Ontario) of Cochenour Willans Gold Mines, Limited for the current year amounted to \$82,550 (\$87,289 in 1969).

# COCHENOUR WILLANS GOLD MINES, LIMITED

## *Report of the General Manager*

To the Board of Directors,  
Cochenour Willans Gold Mines, Limited,  
TORONTO, Ontario.

Gentlemen:

The consolidated report covering the operations of your company and its partly owned subsidiaries, Annco Mines Limited and Wilmar Mines Limited, for the year 1970 is submitted for your consideration.

### PRODUCTION

94,262 tons of ore were milled producing 24,850.933 fine ounces of gold and 25,193.490 fine ounces of silver. The total value of this bullion was \$951,761 for an average recovery of \$10.10 per ton milled. The average price received for gold was \$36.45, compared with \$37.68 Canadian per fine ounce in 1969 and for silver \$1.82 per ounce compared with \$1.92 in 1969. This reduction in price of gold and silver represents a loss of revenue estimated at \$32,962 and reflects the result of the Canadian Government's decision to allow the Canadian dollar to float free in 1970.

Your company and its subsidiaries qualified for Emergency Gold Mining Assistance. Total income estimated to be received under the provision of this Act is \$255,292 or \$10.27 per ounce of gold.

The actual production and estimate of E.G.M.A. income for each mine is as follows:

	Tons	Gold Ounces	Silver Ounces	Total Value
Cochenour Willans .....	18,575	3,081.682	154.080	\$ 112,509
Annco .....	8,441	3,309.173	165.450	121,194
Wilmar .....	67,246	18,460.078	24,873.960	718,058
	<u>94,262</u>	<u>24,850.933</u>	<u>25,193.490</u>	<u>\$ 951,761</u>

### E.G.M.A. (Cost Aid)

Cochenour Willans .....	\$ 31,652
Annco .....	33,998
Wilmar .....	189,642
	<u>\$ 255,292</u>

### ALL TIME PRODUCTION

	Period	Tons	Recovered Grade Per Ton	VALUE
Cochenour Willans .....	1939-1970	2,114,652	\$19.43	\$41,093,520
Annco .....	1965-1970	140,832	13.95	1,965,001
Wilmar .....	1967-1970	148,854	10.81	1,608,404
		<u>2,404,338</u>		<u>\$44,666,925</u>

### COSTS:

There was a general increase in costs following adjustments in wage rates which averaged approximately six percent during the year and the unabated inflationary increases in the cost of material, supplies and services.

Mining conditions are back to normal in the Wilmar and Annco, and an appreciable reduction in costs is noted when compared to the previous year.



# COCHENOUR WILLANS GOLD MINES, LIMITED

## SCHEDULES OF OPERATING COSTS

	1970		1969
	Total	Per Tons Milled	Per Tons Milled
<b>COCHENOUR OPERATION</b>			
Tons Milled .....		18,575	14,147
Development .....	\$ 12,351	\$ .665	\$ 2.999
Mining .....	123,328	6.640	8.303
Milling .....	52,783	2.842	3.690
General and Administrative .....	44,909	2.417	5.498
Marketing .....	871	.047	.036
TOTAL OPERATING COSTS .....	\$ 234,242	\$ 12.611	\$ 20.526
Deduct — Est. E.G.M.A. ....	31,652	1.704	1.619
	<u>\$ 202,590</u>	<u>\$ 10.907</u>	<u>\$ 18.907</u>
<b>ANNCO OPERATION</b>			
Tons Milled .....		8,441	12,359
Development .....	\$ 949	\$ 0.112	\$ 0.693
Mining .....	74,365	8.810	10.432
Milling .....	23,984	2.842	3.690
General and Administrative .....	19,000	2.251	2.410
Marketing .....	945	.112	.072
TOTAL OPERATING COSTS .....	\$ 119,243	\$ 14.127	\$ 17.297
Deduct — Est. E.G.M.A. ....	33,998	4.028	2.998
	<u>\$ 85,245</u>	<u>\$ 10.099</u>	<u>\$ 14.299</u>
<b>WILMAR OPERATION</b>			
Tons Milled .....		67,246	45,068
Development .....	\$ 83,147	\$ 1.239	\$ 2.092
Mining .....	564,884	8.400	8.843
Milling .....	191,186	2.842	3.690
General and Administrative .....	128,999	1.918	2.300
Marketing .....	5,342	.079	.075
TOTAL OPERATING COSTS .....	\$ 973,558	\$ 14.478	\$ 17.000
Deduct — Est. E.G.M.A. ....	189,642	2.820	3.238
	<u>\$ 783,916</u>	<u>\$ 11.658</u>	<u>\$ 13.762</u>

### DEVELOPMENT:

The following table outlines all development work completed during the year 1970:

	Drifts	Cross- cuts	Ore/Waste Passes	Raises	Total
<b>COCHENOUR</b>					
Level					
20th .....	23				23
TOTAL COCHENOUR .....	<u>23</u>				<u>23</u>
<b>WILMAR</b>					
Level					
13th .....	41				41
14th .....	491			172	663
17th .....	692	171	181	55	1,099
20th .....	94				94
TOTAL WILMAR .....	<u>1,318</u>	<u>171</u>	<u>181</u>	<u>227</u>	<u>1,897</u>
TOTAL DEVELOPMENT .....	<u>1,341</u>	<u>171</u>	<u>181</u>	<u>227</u>	<u>1,920</u>

# COCHENOUR WILLANS GOLD MINES, LIMITED

## DIAMOND DRILLING:

Cochenour Surface .....	1,098
Underground .....	2,458
Wilmar Underground .....	11,374
	<u>14,930</u>

## MINING:

The following table summarizes the ore drawn for milling during the year from the various mining properties:

### MINE SOURCE OF ORE

	Tons	% Total Tons	Grade Ozs. Au Per Ton	Grade Ozs. Ag Per Ton
COCHENOUR MINE .....	18,575	20%	0.185	0.008
ANNCO MINE .....	8,441	9%	0.432	0.012
WILMAR MINE .....	67,246	71%	0.302	0.370
	<u>94,262</u>	<u>100%</u>	<u>0.290</u>	<u>0.267</u>

Ore drawn from the Cochenour Mine was supplied by eleven stopes and one development heading. Ore drawn from the Annco Mine was supplied by three stopes. Ore drawn from the Wilmar Mine was supplied by fourteen stopes and ten development headings.

## CAPITAL EXPENDITURES:

There were no major capital expenditures during the year.

## THE COCHENOUR MINE:

No new development was carried out in the Cochenour Mine during the year. Mining continued on low grade North/South and chert structures. All mining was by the shrinkage method, approximately 9,000 tons remained broken in the stopes at the year end. Surface diamond drilling in the north-east part of the Cochenour property to investigate a series of fold-fault structures did not return economic values.

## THE ANNCO MINE:

Mining continues on the 22nd level in the 10 North Stope by cut and fill, and the talcose structure has been controlled. There is approximately 27,000 tons averaging 0.35 ounces gold per ton to be mined in this stope. No further exploration was undertaken on levels below the 22nd. Previous exploration for down dip extensions of the talcose ore zone below the 2200 level established the mineralized zone to a depth of at least 175 feet below this level. To open up the next horizon would require 3,000 feet of crosscutting and drifting the cost of which is prohibitive for the one zone at present day costs.

## THE WILMAR MINE:

Mining continued throughout the year on the 1300, 1450, 1900 and 2050 levels with development mining in the latter part of 1970 on the 1750 level. All stoping is cut and fill mining.

The 1750 East crosscut and drift advanced 868 feet during the year. Ore was unexpectedly encountered in this development in the 2 East block and 2,799 tons of development muck was sent to the mill averaging 0.19 ounces gold per ton. This new ore block was prepared for mining and at the year end 2,240 tons of ore had been mined averaging 0.49 ounces gold per ton. Subsequently diamond drilling has traced the same ore block down to the 19th level where two stopes are now being opened up for mining.



# COCHENOUR WILLANS GOLD MINES, LIMITED

The 6 East block on the 17th level has not been reached. The drift is within 300 feet of this objective. While the drift heading was in very favourable rock, drifting was stopped to use the manpower to develop the 2 East ore blocks on the 17th and 19th levels.

The Diorite Dyke structure indicated by an earlier diamond drilling program remains to be investigated. Some of the better intersections at the 17th level horizon in this structure were 0.53/12', 0.44/26.5', 0.23/7.8' and 1.35/8.0' (ounces gold per ton/core length in feet).

As the geological and geometric picture of the Wilmar unfolds, it has become apparent that this mine has good potential for additional ore zones and an expanded exploration program is warranted.

## THE CONSOLIDATED MARCUS EXPLORATION:

No exploration work was undertaken on this property during 1970. Earlier results suggest its best potential is at deeper horizons. It is anticipated that some future agreement may be concluded with the Campbell Red Lake Mines Limited to undertake a joint exploration by them extending a crosscut from their deeper levels into the east Marcus ground to set up a diamond drilling base.

## OUTSIDE EXPLORATION:

### COCHENOUR-COIN EXPLORATION

#### TROUT BAY GROUP (COCHENOUR 70%, COIN 20%, SELCO 10%)

Exploration during 1970 over the Trout Bay group was concentrated around the known mineral occurrences of Copper/Zinc and Nickel/Copper and this exploration will be continued in 1971.

**COPPER/ZINC AREA:** Previous exploration and drilling outlined a 125,000 ton deposit averaging 1.50% copper, 7.86% zinc, 0.24% lead and 1.70 ounces silver per ton. A smaller block of 15,000 tons is faulted 800 feet to the west. Subsequent drilling has not found any extension to these deposits. In the late fall it was decided to carry out a program of applied potential surveying over these zones, which method is designed as a geophysical technique for detailing known deposits but not as a reconnaissance technique. The survey over the Main Deposit indicated two possible off-shoots, and a possible continuation of the faulted zone. It was then decided to trace these possibilities along strike by a dipole-dipole induced polarization and resistivity survey. The results of this survey should be available to us immediately following the break-up and exploration and diamond drilling will be guided by final results of these surveys.

**NICKEL/COPPER AREA:** Six drill holes put down in 1970 cut nickel copper values along a strike length of 500 feet over widths of 11 feet to 37 feet, averaging 0.55% nickel and 0.20% copper. These values occur in an amphibolitic structure at the base of the gabbro units. A study of this amphibolite rock by Selco Explorations indicated that the idiomorphic magnetite has badly corroded the sulphides and this evidence suggests it would be worthwhile investigating basal contact structural traps and surface sulphide occurrences which have a low magnetic expression. Detailed magnetometer surveys over the favourable areas were completed this winter and exploration of the nickel/copper zones will be guided by this new approach during the coming season.

#### PROJECT NO. 2 (NORTH OF RED LAKE) (COCHENOUR 45%, COIN 45%, SELCO 10%)

A block of 16 claims with base metal indications were optioned and later we staked 81 claims in this area. An aerial Input and Magnetometer survey was carried out, and subsequently radioactive minerals were discovered in a granitic intrusive that prompted an aerial Gamma Ray Spectrometer survey to be made. Camps were established and the claims prospected by a field party. Exploration to date has been encouraging. Reconnaissance geological mapping has been completed. Trenching was done on a group of showings having uranium indications, the best of which occur in the south dome structure where pit assays returned values from 0.01%  $U_3O_8$  to 0.06%  $U_3O_8$  and 0.05  $ThO_2$ . Samples from pit No. 2 assayed 0.54%  $U_3O_8$  and 0.34%  $ThO_2$ . A bulk sample consisting of 120 pounds assayed 0.38%  $U_3O_8$  and 0.21%  $ThO_2$ . The results to date justify further assessment of this prospect.

# COCHENOUR WILLANS GOLD MINES, LIMITED

## PROJECT NO. 3 (RED LAKE) (COCHENOUR 50%, COIN 50%)

A block of 45 claims were optioned, and a horizontal loop electro-magnetic survey carried out over the group. A program of drilling followed on the ice. Massive sulphides (pyrite, pyrrhotite, traces copper/zinc) were encountered over widths of up to 80 feet, but nothing of economic value. The group is in good standing. A large number of anomalies remain to be investigated. The option has been extended for two years.

## PROJECT NO. 4 (COCHENOUR 50%, COIN 50%)

A new group of claims has been optioned in the Red Lake Mining Division for investigation of a porphyritic zone carrying minor copper, molybdenum and gold values. Work will commence after break-up.

## COCHENOUR EXPLORATIONS LIMITED

Exploration centered on one of the groups in McDonough Township to investigate a group of anomalies. Results were encouraging, but nothing of economic character was discovered. Further work is planned on this group which is patented ground.

Grids were cut during the winter and EM surveys completed over two additional groups held by the company that will require prospecting and follow up exploration this summer.

Work is also being considered for the large patented group of claims held in the Slate Bay area, where new geological ideas have developed.

## TOUCHDOWN PROJECT

(SELCO 60%, COCHENOUR 32%, COIN 8%)

A group of claims were optioned in the Red Lake area (eastern section). Grids have been completed over this group and geophysical surveys are underway.

## BAMAJI PROJECT

(SELCO 60%, COCHENOUR 32%, COIN 8%)

Exploration results of the broad program of geological mapping, prospecting geophysical surveys and drilling on this large group of claims during the past year have been sufficiently encouraging to warrant a continuance of the program. Additional mapping, ground geophysics and diamond drilling will resume after the break-up.

Permanent camps are established for this 450 claim group.

## CONCLUSIONS:

Due to the constant decline in the grade of the ores at the deeper horizons on the Cochenour, all stoping has been stopped, and we are presently cleaning out the shrinkage stopes. One stope is being mined in the Annco Mine. The future of the operation rests with the development in the Wilmar.

## APPRECIATION:

It is a pleasure to acknowledge the harmony and resourcefulness of the staff and employees, working under present conditions.

Respectfully submitted,

April 28th, 1971,  
COCHENOUR, ONTARIO.

J. E. J. FAHLGREN,  
*General Manager.*



# Consolidated Marcus Gold Mines Limited

(Incorporated under the laws of Ontario)

## BALANCE SHEET — DECEMBER 31, 1970

(with comparative figures at December 31, 1969)

### ASSETS

CURRENT ASSETS	1970	1969
Cash .....	\$ 1,273	\$ 2,471
MINING CLAIMS, acquired by the issue of 2,999,995 shares of the capital stock of the company, valued at .....	299,999	299,999
OTHER ASSETS		
Deferred expenditures .....	114,407	112,320
Incorporation and organization expenses .....	3,795	3,795
	118,202	116,115
	<u>\$ 419,474</u>	<u>\$ 418,585</u>

### LIABILITIES

CURRENT ASSETS		
Accounts payable and accrued liabilities .....	\$ 200	\$ 200
Payable to Cochenour Willans Gold Mines, Limited, parent company, with respect to incorporation and organization of the company and transfer of the mining claims .....	4,539	4,539
	<u>4,739</u>	<u>4,739</u>
FUNDS ADVANCED OR EXPENDED BY COCHENOUR WILLANS GOLD MINES, LIMITED, parent company, since the inception of the company for exploration, development and administrative expenses (note 1) .....	34,168	33,279

### SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 2)		
Authorized		
4,000,000 Shares of \$1 each		
Issued or to be issued		
3,094,272 Shares .....	3,094,272	3,094,272
Deduct discount thereon .....	2,713,705	2,713,705
	<u>380,567</u>	<u>380,567</u>
	<u>\$ 419,474</u>	<u>\$ 418,585</u>

Approved by the Board:

J. E. J. FAHLGREN, Director.

ROBERT M. SMITH, Director.

### AUDITORS' REPORT

To the Shareholders of  
Consolidated Marcus Gold Mines Limited

We have examined the balance sheet of Consolidated Marcus Gold Mines Limited as at December 31, 1970 and the statements of deferred expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada,  
February 5, 1971.

THORNE, GUNN, HELLIWELL & CHRISTENSON,  
Chartered Accountants.

# Consolidated Marcus Gold Mines Limited

## STATEMENT OF DEFERRED EXPENDITURES

Year Ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
Balance at beginning of year .....	\$ 112,320	\$ 114,634
ADMINISTRATIVE		
Acreage and municipal taxes .....	628	664
Annual report and stationery .....	770	1,166
Audit .....	235	225
Directors' fees .....	225	105
General expense .....	2	2
Legal fees .....	150	50
Taxes and government fees .....	60	30
Transfer agents' fees and expenses .....	562	914
	2,632	3,156
Proceeds from sale of surface rights .....	545	
Proceeds from sale of gravel .....		5,470
	2,087	(2,314)
BALANCE AT END OF YEAR .....	\$ 114,407	\$ 112,320

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
SOURCE OF FUNDS		
Advances from Cochenour Willans Gold Mines, Limited .....	\$ 889	\$ 22
Deferred expenditures, net .....		2,314
	889	2,336
APPLICATION OF FUNDS		
Deferred expenditures, net .....	2,087	
INCREASE (DECREASE) IN WORKING CAPITAL POSITION .....	(1,198)	2,336
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR .....	2,268	4,604
WORKING CAPITAL DEFICIENCY AT END OF YEAR .....	\$ 3,466	\$ 2,268



# Consolidated Marcus Gold Mines Limited

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## NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1970

### 1. FUNDS ADVANCED OR EXPENDED BY COCHENOUR WILLANS GOLD MINES, LIMITED

Under the terms of the agreement whereby the company acquired its mining claims, as amended August 15, 1961, 1,999,995 escrowed shares of the capital stock of the company were issued to Cochenour Willans Gold Mines, Limited, of which 1,750,000 shares have been released from escrow and the remaining 249,995 shares are to be released when Cocheour Willans Gold Mines, Limited has caused the company to bring the mining claims into production. The company also agreed to repay to Cochenour Willans Gold Mines, Limited, after the mining claims have been brought into production and before payment of any dividends, certain moneys expended by Cochenour Willans Gold Mines, Limited, and all moneys advanced by it together with simple interest thereon at the rate of 4% per annum to the date of payment. At December 31, 1970 such expenditures and advances amounted to \$75,967, of which \$41,799 has not been provided for in the accompanying balance sheet.

### 2. CAPITAL STOCK

Under the terms of an agreement dated January 17, 1966, Cochenour Willans Gold Mines, Limited was committed to expend \$25,020 on prospecting, exploration and development within approximately one year for which it was to receive 41,700 shares of the company valued at 60¢ per share. This agreement was subsequently extended until January 17, 1970. As at December 31, 1970, Cochenour Willans Gold Mines, Limited had expended \$20,563 and was entitled to receive 34,272 shares.

It is expected that this agreement will again be extended.

# Cochenour Explorations Limited

(Incorporated under the laws of Ontario)

## *Balance Sheet—December 31, 1970*

(with comparative figures at December 31, 1969)

### ASSETS

CURRENT ASSETS	1970	1969
Cash .....	\$ 950	\$ 1,392
Receivable from shareholder .....		2,500
	<u>950</u>	<u>3,892</u>
 FIXED ASSETS		
Equipment, at cost .....	4,755	4,755
MINING CLAIMS, acquired for 249,994 shares of capital stock valued at \$249,994 and \$1,000 cash .....	250,994	250,994
DEFERRED EXPLORATION EXPENDITURES .....	396,137	358,579
	<u>\$ 652,836</u>	<u>\$ 618,220</u>

### LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities		
Cochenour Willans Gold Mines, Limited .....	\$ 10,350	\$ 3,741
Other .....	250	250
	<u>10,600</u>	<u>3,991</u>
ADVANCES FROM SHAREHOLDERS (see note)		
Cochenour Willans Gold Mines, Limited .....	84,150	63,750
Other .....	69,550	61,250
	<u>153,700</u>	<u>125,000</u>

### SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized and issued		
500,000 Shares, par value \$1 each .....	500,000	500,000
DEFICIT .....	11,464	10,771
	<u>488,536</u>	<u>489,229</u>
	<u>\$ 652,836</u>	<u>\$ 618,220</u>

Approved by the Board

J. E. J. FAHLGREN, Director.

MURDOCK C. MOSHER, Director.

### AUDITORS' REPORT

To the Shareholders of  
Cochenour Explorations Limited

We have examined the balance sheet of Cochenour Explorations Limited as at December 31, 1970 and the statements of deferred exploration expenditures, administrative expenses, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada,  
February 6, 1971.

THORNE, GUNN, HELLIWELL & CHRISTENSON,  
Chartered Accountants.



# Cochenour Explorations Limited

## *Statement of Deferred Exploration Expenditures*

Year Ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
Balance at beginning of year .....	\$ 358,579	\$ 284,907
Acreage taxes .....	135	135
Diamond drilling .....	15,700	22,552
General explorations .....	14,890	44,894
Geophysical surveys .....	6,833	6,091
	<u>37,558</u>	<u>73,672</u>
BALANCE AT END OF YEAR .....	<u>\$ 396,137</u>	<u>\$ 358,579</u>

## *Statement of Administrative Expenses*

Year Ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
Audit .....	\$ 300	\$ 250
Legal .....	340	150
Government fees and taxes .....	50	70
Travel .....		107
Sundry .....	<u>3</u>	<u>2</u>
	693	579
Less interest received .....		343
NET ADMINISTRATIVE EXPENSES, TRANSFERRED TO DEFICIT .....	<u>\$ 693</u>	<u>\$ 236</u>

## *Statement of Deficit*

Year Ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
Balance at beginning of year .....	\$ 10,771	\$ 10,535
Net administrative expenses .....	693	236
BALANCE AT END OF YEAR .....	<u>\$ 11,464</u>	<u>\$ 10,771</u>

# Canadian Industries Limited

## Statement of Financial Results for the Year ended December 31, 1997

(in millions of dollars)

	1997	1996
Revenue	1,234.5	1,123.4
Operating expenses	(876.5)	(789.0)
Operating income	358.0	334.4
Interest income	12.3	10.5
Interest expense	(45.6)	(56.7)
Income before income taxes	324.7	288.2
Income taxes	(78.9)	(72.1)
Net income	245.8	216.1

## Notes to Financial Statements

For the year ended December 31, 1997

### 1. General Information

Canadian Industries Limited is a public company incorporated in Canada. The company's principal business is the manufacture and sale of various industrial products.

The financial statements are prepared in accordance with the accounting principles generally accepted in Canada.

The company's financial statements are audited by an independent chartered accountant.

The company's financial statements are prepared on a going concern basis.

The company's financial statements are prepared in Canadian dollars.

The company's financial statements are prepared in accordance with the accounting principles generally accepted in Canada.